

[REDACTED]

Certified Mail

[REDACTED]

APR 30 1984

Ladies and Gentlemen:

We have considered your application for recognition of exemption from Federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code.

The data submitted discloses that you were incorporated on [REDACTED] under the [REDACTED] Non-Profit Corporation Act. Your stated purpose is to promote the status and economic welfare of consumers individually and as a group through membership in the Corporation and to provide such programs, benefits and services as will further these objectives.

You are a membership organization and your corporate affairs are managed by a Board of Directors.

Your activities consist of providing consumer information to your members and to arrange for various benefit programs through which the members can derive economic benefit. Membership benefits include, but are not limited to, a group pre-paid legal service program, smart shopper and travel discounts and consumer protection services.

You anticipate that your sole source of support will be membership dues.

Section 501(c)(3) of the Code provides for the exemption of organizations which are organized and operated exclusively for charitable, religious, and educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(a)-1(c) of the regulations defines private shareholder or individuals as persons having private interest in the activities of the organization.

Section 1.501(c)(3)-1(d)(1)(ii) of the regulations provide that an organization is not organized and operated exclusively for charitable, religious and educational purposes unless it serves a public rather than a private purpose.

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
Surname						
Date						

On the basis of the evidence presented, we find that you are not operating exclusively for exempt purposes under Section 501(c)(3) since you are providing services for the exclusive benefit of your members. You are therefore serving private interests rather than a public benefit.

In addition, your creating document, Articles of Incorporation, does not meet the organizational test under Section 501(c)(3) of the Code since your purposes are not restricted to that Code Section and provision has not been made for distribution of your assets for charitable purposes.

Section 1.501(c)(3)-1(a)(1) of the Income Tax Regulations states, "In order to be exempt as an organization described in Section 501(c)(3), an organization must be both organized and operated exclusively for one or more of the purposes specified in such Section. If an organization fails to meet either the organizational test or the operational test, it is not exempt."

Section 1.501(c)(3)-1(b)(4) states that "an organization is not organized exclusively for one or more exempt purpose unless its assets are dedicated to an exempt purpose" as described in this Section.

We have concluded you are not an organization described in Section 501(c)(3) of the Code since you do not meet the organizational test or the operational test.

You are therefore required to file Federal income tax returns on Form 1120. Also the appropriate state officials will be routinely notified of this action in accordance with Section 6104(c) of the Code.

If you do not accept our findings, we recommend that you request a conference with a member of our Regional Office of Appeals. Your request for a conference should include a written appeal giving the facts, law, and any other information to support your position as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a conference. The conference may be held at the Regional office, or if you request, at any mutually convenient District office. If we do not hear from you within 30 days of the date of this letter, this determination will become final.

[REDACTED]

If you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Internal Revenue Code provides in part that, "A declaratory judgment or decree under this Section shall not be issued in any proceeding unless the Tax Court, the Court of Claims, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

Sincerely yours,

[REDACTED]  
District Director

Enclosure